

CALIFORNIA CITIZENS COMPENSATION COMMISSION

TRANSCRIPT OF RECORDED HEARING

HELD ON JUNE 16, 2010

TRANSCRIBED BY: MICHAEL C. ROWELL, RPR, CSR 13494

**ORIGINAL**

UNIVERSITY REPORTERS 916.567.1550

1 MR. MURRAY: Yes, Good morning. I'd like to call the  
2 meeting to order, if I could. Everybody, please have a seat.  
3 I'd like to welcome you here.

4 And the first order is having a roll call in order to  
5 confirm that we are all here and have the ability to vote. And  
6 I'll defer to you, Debbie Baldwin.

7 MS. BALDWIN: Okay. Charles Murray.

8 MR. MURRAY: Here.

9 MS. BALDWIN: Kathy Sands.

10 MS. SANDS: Here.

11 MS. BALDWIN: Ruth Lopez Novodor.

12 MS. NOVODOR: Here.

13 MS. BALDWIN: William Feyling.

14 MR. FEYLING: Present.

15 MS. BALDWIN: John Stites.

16 MR. STITES: Here.

17 MS. BALDWIN: Scott Somers.

18 MR. SOMERS: Here.

19 MS. BALDWIN: We have a quorum.

20 MR. MURRAY: Thank you very much.

21 First off, everybody does have a copy of our schedule,  
22 but I'd like to go off record -- or off schedule and thank all  
23 of the work that Ms. Baldwin has done in keeping us on track  
24 and getting a lot of the data to us, a lot of the public  
25 e-mails and all the letters that have come in -- getting them

UNIVERSITY REPORTERS 916.567.1550

1 all to us and to the group here on time.

2 Also, to Nancy Green and Liz Russell, who are Debbie's,  
3 as I understand it, right hand and left hand, respectively --

4 MS. BALDWIN: Right and left.

5 MR. MURRAY: -- and have also done a good job. And as  
6 I said at the last meeting -- but I'll say it again because I  
7 think it is important, and it's a compliment straight to  
8 Debbie -- outside, you used to see reams of the paperwork that  
9 were there for available -- the DPA under Debbie has spent a  
10 lot of hours, and everything is now on the web site.

11 So any reports, the minutes of all our meetings, any  
12 letters we get in, any of the surveys we get in are on our web  
13 site. So you can go to the DPA web site and get any data that  
14 you want. And again, Debbie, you've really done a great job on  
15 it. Thank you.

16 Getting back to the schedule, we have the minutes. We  
17 all have seen them on the web site. They have been e-mailed to  
18 us.

19 Does anybody have any comments on the minutes to add or  
20 correct?

21 MS. SANDS: Yes.

22 MR. MURRAY: Okay.

23 MS. SANDS: Yes, I did Mr. Chair. I noticed on the  
24 first page when the roll call was being done, there is question  
25 marks by some of us -- you know, Debbie Baldwin, Kathy Sands,

UNIVERSITY REPORTERS 916.567.1550

1 question mark. What is all that about?

2 MS. BALDWIN: The question marks?

3 MS. SANDS: Yeah.

4 MS. BALDWIN: I don't know. She may have been unsure  
5 when she was transcribing. We sent this out to a private  
6 company to be transcribed, which was a different company than  
7 we had used previously. And there were some errors in those  
8 transcribed minutes, so I corrected the roll call portion of  
9 it.

10 MS. SANDS: Okay. Yeah. I noticed that.

11 MS. BALDWIN: Actually, Kathy, it did not include the  
12 first two or three members when I was taking roll back in  
13 April.

14 MS. SANDS: Is that right? Yeah.

15 MS. BALDWIN: And so I had to add those back in,  
16 because --

17 MS. SANDS: Okay. Well, that's unfortunate.

18 MS. BALDWIN: Yeah.

19 MS. SANDS: Okay. Well, then, if we go to page -- let  
20 me get these over here -- page 43 of the minutes, line 11, it  
21 talks about Ruth Lopez's comments.

22 Then it goes down to line 25 -- 24, Chuck says, "Okay.  
23 Thank you," to Ruth.

24 And then it says Ruth Lopez Novodor again. Okay.  
25 Well, I made some notes. That's me. As I read these over from

UNIVERSITY REPORTERS 916.567.1550

1 line 25, it should be Kathy Sands, and down to line 14. So  
2 that's where I'm at. This -- as I'm reading it, this sounds  
3 like me, and it was.

4 MS. BALDWIN: Okay. All right, Kathy. Thank you.

5 MS. SANDS: So I'd like to move to make that amendment.  
6 So I don't know if there's anything else --

7 MS. NOVODOR: I do have an amendment.

8 MS. SANDS: -- per corrections.

9 MS. NOVODOR: A correction to the notes. In several  
10 places, the transcript identifies Gus Demas as the speaker, and  
11 actually it was Bill Curtis.

12 MS. SANDS: Yeah.

13 MS. NOVODOR: So I'd like to make that correction, and  
14 I will read into the minutes. It is on page 47, lines 15 and  
15 18; page 48, line 1, 9, 14, 17, 23; and page 49, line 4, 10,  
16 13, and 16. That's it.

17 MR. MURRAY: Do we have anything else?

18 MS. SANDS: I don't.

19 MR. MURRAY: Nothing?

20 MR. SOMERS: Mr. Chairman, I have a comment.

21 MR. MURRAY: Okay. Scott?

22 MR. SOMERS: And maybe it's the transcription or the  
23 information that we provide, but more than in the past there  
24 have been quite a few unidentified speaker indications there.  
25 And I think where at all possible, we need to be furnishing the

UNIVERSITY REPORTERS 916.567.1550

1 names of those people for records for the minutes.

2 MS. SANDS: Okay. Let me tell you, we won't be using  
3 this transcription service again, so we will be using a  
4 different service. So hopefully we will eliminate those  
5 problems.

6 MR. MURRAY: Sounds like problem solved.

7 MS. SANDS: Okay.

8 MR. MURRAY: Ruth? Do you have anything to add to the  
9 minutes?

10 MS. NOVODOR: I do not.

11 MR. MURRAY: Oh. I thought you were waiving your hand.  
12 Bill?

13 MR. FEYLING: Well, just for the record, I guess I'd  
14 like to first make a motion that we accept the minutes with the  
15 corrections as noted.

16 MS. NOVODOR: Second.

17 MR. MURRAY: Any other comments? Any discussion?  
18 All in favor?

19 MULTIPLE SPEAKERS: Aye.

20 MR. MURRAY: All opposed? It is passed. The minutes  
21 of the April 22nd meeting are hereby approved.

22 Opening comments; as far as I'm concerned, my comments  
23 are just to iterate the last meeting we had -- under  
24 Proposition 1A, we were bound not to act until we received a  
25 letter from the State saying that there is or isn't money in a

UNIVERSITY REPORTERS 916.567.1550

1 reserve fund. We have received the letter. Everybody on the  
2 panel has seen it.

3 Not to our shock, there is no money in the reserve  
4 fund; so hence under Proposition 1A, our actions are restricted  
5 to either maintain the status quo on the salaries and the  
6 benefits or having a salary or benefit lowering -- salary  
7 reduction.

8 So that's what we're going to speak about today: What  
9 we're going to do on the benefit area and what we're going to  
10 do on the salary area. That will be my opening comments for  
11 now.

12 But do you have anything to start off the ball with,  
13 there?

14 MS. SANDS: Well, do we want --

15 MR. MURRAY: To Kathy.

16 MS. SANDS: We're going to have some staff report, and  
17 then we'll have some public testimony.

18 MR. MURRAY: All right.

19 MS. SANDS: And then we'll be discussing it again.

20 MR. MURRAY: Right.

21 MS. SANDS: Well, I guess I'd like to say that last  
22 year, I feel we did the right thing by reducing the salaries by  
23 18 percent. And that made a big impact, and I think that was a  
24 pretty big cut.

25 Then earlier this year, I felt because of the financial  
UNIVERSITY REPORTERS 916.567.1550

1 crisis in the State and the Governor's proposal to reduce  
2 salaries by 10 percent that maybe we should look at that and  
3 reduce them 10 percent. And that's what we talked about at our  
4 last meeting.

5 But right now, I'm feeling -- I'm looking forward to  
6 some public comment -- but right now, I'm feeling that we  
7 should just maybe stay status quo for right now. I understand  
8 there is a lot of negotiating -- negotiations going on, and we  
9 don't have a final approved budget. It's too bad we don't have  
10 that, because then we'd know more where we're at -- but we  
11 don't.

12 So I really feel that we would still be fiscally  
13 responsible and conservative if we do just leave the salaries  
14 and the benefits and the per diems alone. Last year, we made  
15 that big hit, and so I'm kind of thinking that we should just  
16 stay status quo and leave things the way they are.

17 And then next year, we'll have an idea more about where  
18 the budget ended up and where we'll be for next year. So  
19 that's what I'm thinking.

20 MR. MURRAY: Okay.

21 MS. SANDS: Okay?

22 MR. MURRAY: Thank you.

23 John?

24 MR. STITES: Well, considering that we don't have a  
25 budget, I think it's a very reasonable position, and I concur.

UNIVERSITY REPORTERS 916.567.1550



1 We did the right thing last year, and perhaps it demonstrated  
2 that this commission has the resolve to do the right thing.  
3 But I think we're probably going to have to get a good look at  
4 that budget to see where they go.

5 We generally base this -- and we based it last year --  
6 on the reductions that were suffered by the state employees.  
7 And until we can see what they're doing with it, which they  
8 don't seem to be willing to come to the table, I think we're  
9 kind of stuck between a rock and a hard place.

10 MR. MURRAY: Great. Thank you.

11 Bill, do you have anything to add?

12 MR. FEYLING: No. I have no comments at this time.

13 Thank you, Mr. Chair.

14 MR. MURRAY: Ruth?

15 MS. NOVODOR: Yeah. I just wanted to compliment both  
16 the staff and this committee for doing the additional research  
17 this year. Where we used to meet only once, we met a few more  
18 times this year and really dug into areas that were  
19 questionable. My position at this time, after looking at  
20 everything, the outlier for me is that most of the other  
21 comparable data -- the piece we didn't see was with pension  
22 options. And those seem to be the biggest differential when we  
23 look at the fairness of the salaries, which is our job. So I  
24 too am at the point where I think we need to keep it status quo  
25 moving forward.

UNIVERSITY REPORTERS 916.567.1550

1 And that's all for today.

2 MR. MURRAY: Great. Thank you.

3 Scott? Do you have anything to add?

4 MR. SOMERS: Do you want all comments?

5 MR. MURRAY: As an opening comment, just as a --

6 MR. SOMERS: No. I have nothing as an opening comment.

7 MR. MURRAY: Okay. Thank you.

8 Staff reports; do we have any staff reports, as  
9 requested by the commission?

10 MS. BALDWIN: We have no staff reports at this time.

11 MR. MURRAY: Okay. Do we have a list of speakers?

12 MS. BALDWIN: We do.

13 MR. MURRAY: Okay. Can I ask you to call the speakers?

14 MS. BALDWIN: Jack O'Connell, Superintendent of Public  
15 Construction.

16 MR. O'CONNELL: Great. Thank you very much.

17 Mr. Chairman, members of the commission, thank you. I  
18 have worked up here 28 years -- first time in this building --  
19 so it's nice to meet you. I have driven by many, many times.  
20 So thanks for the excuse to come by and say hello. And thank  
21 you for the work that you do. It's difficult, I know, and  
22 Sacramento is not always the easiest place to get to, but I  
23 sincerely appreciate it.

24 Certainly, the challenges that California face are  
25 unprecedented as our prolonged, protracted recession continues

UNIVERSITY REPORTERS 916.567.1550

1 to drag on, and our economy continues to falter. As the  
2 elected State Superintendent of Public Construction, I know the  
3 impacts that the economy has clearly had on public education.  
4 Our schools are operating today on about \$17 billion less --  
5 with a B -- than we had anticipated just two years ago. The  
6 cuts to our schools have been real, felt, and seen and  
7 observed.

8 Consequently, those elected to represent California in  
9 these very difficult and troubled times have a heavier burden  
10 today than ever before to make decisions that really best serve  
11 Californians now and in the future. Clearly, we would all  
12 agree. And from your earlier comments, I'm encouraged we do  
13 need to have smart, thoughtful decision making made down the  
14 street at the State Capitol.

15 This commission should recognize this heightened  
16 responsibility of our elected officials and the need now today  
17 more than ever before to be able to continue to attract highly  
18 qualified policy makers that truly represent a wide  
19 perspective, that represent all of us in California, and to  
20 have that wide perspective of their views heard at the state  
21 capital.

22 A further salary cut on top of what we calculate is a  
23 26 percent reduction that was imposed last year by this  
24 commission that's already been mandated would be another blow  
25 to our ability to find effective, highly qualified members of

UNIVERSITY REPORTERS 916.567.1550

1 the state legislature.

2 The salary that was set when the legislature became  
3 full-time in 1967 adjusted to today's dollars, if you use a  
4 CPI, would be slightly over \$111,000. Members at that time had  
5 a pension plan. Today's legislators are paid less than they  
6 are when representing many more citizens, and all of us would  
7 agree the challenges are greater and the complexities of the  
8 issues involved much deeper, as well.

9 Now, do we want to have a legislature where only the  
10 very wealthy are able to serve? Do we want to have an  
11 aristocracy or a legislature where people have to focus on  
12 outside jobs and outside income instead of focusing the job on  
13 being the full-time legislator that the voters of this state  
14 imposed several decades ago?

15 Do we want to lose out on the services of many talented  
16 individuals with local government experience or school board  
17 experience because they would earn perhaps more money by  
18 staying home, staying in local government, board of  
19 supervisors, city council, and wouldn't have to endure the  
20 constant travel and to be separate from their families?

21 I served for 20 years in the state legislature, and  
22 part of my time was to help go out and recruit candidates as  
23 part of a position that I held. And I can tell you that after  
24 the term limit initiative passed, it was clearly much more  
25 difficult to be able to recruit highly qualified, trained and,

UNIVERSITY REPORTERS 916.567.1550

1 yes, electable members to the legislature. They have no  
2 pension anymore to be elected to the legislature. None. And  
3 local government folks do.

4 You have the expenses of two houses -- one here, one in  
5 your home district -- and you don't receive per diem when  
6 you're not up here during the interim. And, of course, you're  
7 facing term limits as well, so you come up here for a  
8 relatively set period of time.

9 Do we want to continue to see, quite frankly, the  
10 special interests, lobbyists, and the political consultants and  
11 staff gain even greater control over the system as the caliber  
12 of legislators and their ability to focus on these very complex  
13 issues continues to be even further diminished?

14 As a recent Los Angeles Times editorial made quite  
15 clear, there is no legitimate reason for additional cuts and  
16 plenty of reasons for the commission to leave law makers'  
17 salaries alone. In a bad economy, elected officials should  
18 share in the pain. You have made sure that that happened to  
19 the tune of 26 percent, and you approved that. And it's been  
20 achieved. That's compounded with the per diem reductions and  
21 other reductions and vehicles and things on top of the 18.

22 If you factor it all in, our calculations are  
23 26 percent. And no one else in the state took that big a hit.  
24 I mean my wife is a worker at a CSU and is furloughed three  
25 days a month and doesn't come close to the 26 percent cut.

UNIVERSITY REPORTERS 916.567.1550

1 That doesn't come close to the 18 percent cut.

2 Further cuts, in our opinion, would simply be punitive  
3 and frankly would smack of retribution for the legislators  
4 daring to disagree with this governor, or any future governor,  
5 on legitimate matters of both policy and politic. That does  
6 not build the kind of strong legislature that the people of  
7 California in this state need to have. That is not the  
8 independent course that the people of California expect when  
9 they passed Proposition 112 in 1990 to establish this  
10 commission -- a measure that I campaigned for and support to  
11 this day -- and really do deserve from this commission. And it  
12 is not the constitutional duty that each of you has accepted  
13 when you agreed to serve.

14 And I know you're making personal sacrifices today.  
15 That's why my first comment was thanking you for your service  
16 here on this commission.

17 Your ultimate mission is to set legislative salaries at  
18 an appropriate level and to attract -- help us attract the most  
19 qualified pool of candidates to make sure that the salaries of  
20 the legislators are commensurate with the awesome  
21 responsibilities that they clearly have. A further cut does  
22 not meet that duty. A further cut is just one more nail in the  
23 coffin for quality and for effective legislature that can stand  
24 equal to the Governor.

25 Thank you very much for the chance to provide this

UNIVERSITY REPORTERS 916.567.1550

1 testimony with you. I believe we have submitted a written  
2 copy. Thank you, Mr. Chairman. Thank you.

3 MR. MURRAY: We thank you very much.

4 Any more speakers, Debbie?

5 MS. BALDWIN: One more. Brett Granlund.

6 MR. GRANLUND: Good morning, Mr. Chairman, members of  
7 the commission. I certainly drew the short straw having to go  
8 behind Mr. O'Connell. He's quite eloquent, and he made many of  
9 the points that I wanted to make, so I'm not going to delve  
10 into them. You already know that there is no pension in the  
11 legislature, and a good deal of the public believes that there  
12 are.

13 Mr. O'Connell touched on your constitutional charge.  
14 Your constitutional charge is not to mess with the state  
15 budget; is not to be concerned where there is a budget or isn't  
16 a budget. Your constitutional charge that you took an oath to  
17 faithfully carry out those duties is to make sure that the  
18 salary is appropriate and fair for the job that's being done.

19 You could wipe out the salaries completely; you would  
20 not make a minor nick in the what could be called "budget  
21 dust." You can't affect the state budget.

22 This has turned into completely a politicized action.  
23 It does reek of being punitive and simply trying to smack  
24 legislators because the public is angry when the State's broke.  
25 So who do you go blame? Do you blame the taxpayers? They

UNIVERSITY REPORTERS 916.567.1550

1 don't pay enough taxes? Could we be ridiculous enough to throw  
2 water in a beehive?

3 Two weeks from now these guys are going to be deciding  
4 whether or not to cut your pay and do that by raising taxes.  
5 You want them to be thoughtful and contract in their  
6 deliberations, not to predetermine without any public testimony  
7 and say, well, here's what I'm going to do.

8 So another further cut takes us back to behind 2000,  
9 1997 levels roughly -- 13 years ago. We talked about using the  
10 comparison of some state employees -- not all, some -- took a  
11 10 percent cut, which translates with the pension options and  
12 so forth to about 14 percent in the high side. Many of those  
13 will be restored, if not all of them.

14 The courts have already moved to block some of those  
15 furloughs, and some of the other state agencies have taken less  
16 than that. Local governments, retirees and so forth have  
17 continued to have their raises, be it modest. They have not  
18 had salary reductions. And when you compare the responsibility  
19 of being an executive in this state and trying to preside over  
20 the budget mess that we have, we have more obligations than we  
21 have revenues, and the tough decisions need to be made. But  
22 they need to be made on a broad base; not select 120 people --  
23 and by the way, there is only 118 over there right now. We  
24 have got a vacancy in the Senate in the Assembly -- but select  
25 120 people; the only 120 people in the entire state of

UNIVERSITY REPORTERS 916.567.1550



1 California that are constitutionally barred, even at their own  
2 expense, from participating in their own employer's pension  
3 plan. It's the only 120 people in the entire state that are  
4 punished and constitutionally barred.

5 Now, if the constitution is good enough to bar them  
6 from participating in their employer's retirement plan, it  
7 ought to be good enough for this commission to live up to that  
8 constitutional charge; not to look into expenses, car  
9 allowances, and so forth.

10 There is a lot of things to go into car allowances.  
11 Some of those members drive 100, 150 miles back and forth to  
12 come to work. Some fly. That's different than your car  
13 allowance. Some have a little district that you could almost  
14 walk across. Some have almost 20,000 square miles in their  
15 district to cover. There is a lot of variables. And my  
16 goodness, \$323 a month? That's entry level, low-level salesmen  
17 going out and calling on a few customers, clients for any  
18 number of businesses. That's a car allowance that wouldn't be  
19 commensurate with that.

20 You look at a county supervisor, other elected  
21 officials that have cars, they're up 8-, \$900 a month at least.  
22 And so the whole charge of this commission is to be informed  
23 and to be fair and to look at comparatively what is the right  
24 salary; not to look for headlines in the press, and not to  
25 smack people around for no reason -- no legitimate reason.

UNIVERSITY REPORTERS 916.567.1550

1           And lastly, I have been informed, and I want to confirm  
2       that this commission is supposed to operate under Robert's  
3       Rules of Order. And if, in fact, that is the case -- I don't  
4       know if any of you have ever read Robert's Rules of Order, but  
5       the Chair does not take a position. The Chair is an  
6       independent, unbiased facilitator of a meeting -- not a  
7       dictator. The Chair does not announce in the media their  
8       preconceived vote absent any public input. And, in fact, the  
9       Chair, under Robert's Rules, does not have a vote, except in  
10      the event that the Chair's vote would change the outcome of the  
11      meeting -- outcome of the decision. The Chair breaks a tie.  
12      The Chair does not advocate. The Chair does not comment. The  
13      Chair does not vote on an action under Robert's Rules, which is  
14      supposed to be the framework that you operate under.

15           But you throw the constitution out the window. You  
16      throw Robert's Rules of Order out of the window, and you do  
17      what looks good in the press. It's wrong. It's irresponsible.  
18      It's reckless. You ought to be restoring the irresponsible,  
19      reckless cuts you made last time.

20           And by the way, I served in the legislature. I  
21      couldn't come back under this pay scale now and meet my  
22      obligations to my bills. I'm eligible under term limits to  
23      finish my career and go to the Senate, but who would want the  
24      job? You have got to feed your family, and you have got to be  
25      away from your family, and you have got to pay your bills. And

UNIVERSITY REPORTERS 916.567.1550

1 to once a year be politicized so that we can get a good press  
2 story and act like we're going to attack a \$20 billion deficit  
3 by throwing a couple of cents at it -- the average citizen out  
4 there pays less than \$0.25 a year towards the complete  
5 compensation of their legislator, and less than \$0.12 for their  
6 senator; less than 25 twenty-five cents for their assemblyman.  
7 I don't think taking one one-thousandth of one penny away from  
8 that serves anybody, except it reduces income taxes because  
9 you're taking high taxpayers and reducing their income so that  
10 they can contribute even less to the general fund. That way,  
11 you're actually harming the budget of the state of California.

12 You don't change the operating expenses of the  
13 legislature in the State Capitol by adjusting the salaries of  
14 the elected officials so that they make less than about  
15 40 percent of the people that work for them. Most of the staff  
16 over there will make more money than their bosses, than their  
17 legislators. And they already do. So I really would like to  
18 see you be a little more thoughtful about your charge and not  
19 about what looks good because the State is in a deficit.

20 Because the people that you're supposed to represent,  
21 the Citizen's Compensation Committee, it injures the citizens  
22 of this state when you try to dumb down the legislature and try  
23 to make it a less desirable place to work and try to attract  
24 less desirable people to represent yourselves and all of us.  
25 And you can see the public outcry. I mean the public is

UNIVERSITY REPORTERS 916.567.1550

1       outraged. They're just real interested in being here, so I  
2       hope you'll be more thoughtful today. Thank you.

3               MR. MURRAY: All right. Thank you. But if I could --  
4       or could I ask you a few things since you were trying to  
5       clarify my role? And maybe I could speak on my behalf.

6               MR. GRANLUND: Sure.

7               MR. MURRAY: First off, on the press, I have the  
8       attitude -- and I think everybody in the State that I work with  
9       can substantiate -- if someone from the press calls me, I'm  
10      going to call them back. I'm not going to say to them, "No  
11      comment. I don't have any comment on this issue."

12              I think part of our role here is to educate the people  
13      on what's going on. What do I mean by that? You have quoted  
14      car allowance is \$285 per month.

15              MR. GRANLUND: 323, I believe.

16              MR. MURRAY: Oh, 320 a month. What you conveniently  
17      left out was they also get their insurance paid for. They get  
18      a free gas card and get all of their repairs paid for. Now, by  
19      my numbers, which we'll get into, that comes out to almost  
20      \$8,000 a year that they get -- a lot more than the allowance --  
21      wait, wait, wait, you had your piece.

22              MR. GRANLUND: Uh-huh.

23              MR. MURRAY: What we're concerned with here, and  
24      what -- I wouldn't say we're mad, but we are concerned -- we  
25      were told and advised that the per diem was when you're in

UNIVERSITY REPORTERS 916.567.1550

1 Sacramento, you go into the legislative office and you sign in.  
2 Okay. From an LA Times article, we just learned you can stay  
3 at home and still sign in and get paid. So I'm concerned from  
4 our standpoint we have been lied to.

5 We have been -- a law has been put in place to create  
6 us, and it was put in place by your representative, President  
7 Pro Tem David Roberti, who I have met with several times. And  
8 he put the law in place. He took out the retirement benefits,  
9 not us. That's in the law. Okay. So when you're criticizing  
10 our commission and saying we aren't doing a good job, we are  
11 trying to do the job which we're appointed to do. Okay?

12 MR. GRANLUND: If I just may --

13 MR. MURRAY: Certainly. Go right ahead.

14 MR. GRANLUND: Just a couple of things. I want to be  
15 clear. This is what leads to this kind of anger. I'm sorry,  
16 and I respectfully want to tell you you're misinformed. You do  
17 not get your insurance paid for. The State has a liability  
18 pool. The State is self-insured on the liability side.

19 You buy your own insurance when you're a legislator.  
20 You pay your own car insurance, and you name the state  
21 legislature as an additional insured. You make that payment.

22 You do contribute a portion for the what little bit of  
23 personal time you have left. You contribute to a portion of  
24 the cost of that vehicle.

25 And you don't get your repairs. You don't take your

UNIVERSITY REPORTERS 916.567.1550

1 wife's or your husband's or your daughter's car down and get  
2 your -- those are your car repairs. That's your car.

3 That car belongs to the state of California. It's not  
4 yours. The State maintains their property. That would be like  
5 saying you get your office carpeted. Well, it's the State's  
6 office. It's not yours, personally. You're only using that  
7 car, and you're paying -- the State contributes a portion, and  
8 you contribute a portion. And you insure it, and you  
9 contribute a portion to your gas and your expenses. So those  
10 car repairs are not -- they're not the member's repair. Those  
11 are the State's.

12 Those are the citizens of the state of California that  
13 own that car and have an obligation to maintain that car, and  
14 you want to start bringing that into the equation. Why would  
15 the legislator driving somebody else's car bother to maintain  
16 it if you're just going to turn it in, and you're going to have  
17 to foot the bill to repair it? Those are the kinds of  
18 things -- and it wasn't David Roberti. It was Pete Schabarum,  
19 was the big term limit guy. And he was the big advocate of  
20 taking away the public employees retirement or the retirement  
21 from the legislators while he sits back and draws his NFL  
22 retirement and his LA City Counsel retirement and his PERS  
23 retirement. He draws three retirements, and yet he had the  
24 audacity to say that his peers -- because he didn't happen to  
25 like Willie Brown -- are not to have a retirement.

UNIVERSITY REPORTERS 916.567.1550

1 But it's that kind of misinformation, and it gets out  
2 in the press, and you have got a very ill informed public.

3 MR. MURRAY: Okay.

4 MS. SANDS: Mr. Chairman --

5 MR. MURRAY: Wait, wait, wait.

6 MS. SANDS: I'm sorry. I didn't get your name.

7 MR. GRANLUND: Brett Granlund.

8 MS. BALDWIN: Brent?

9 MR. GRANLUND: Brett, B-R-E-T-T G-R-A-N-L-U-N-D.

10 MS. BALDWIN: G-R-A-M-L-U-N-D?

11 MR. GRANLUND: No, G-R-A-N, like in Nancy, L-U-N-D.

12 MS. SANDS: Granlund. Yeah. Okay. Thank you for  
13 having a lot to say, but what is your background? Who are you?  
14 What is your background? I don't know you.

15 Do you know him?

16 You have had a lot to say. What is your background?  
17 Your business?

18 MR. GRANLUND: Well, I was in the candy manufacturing  
19 business for a lot of years, and an outdoor advertising  
20 business. I served on Yucaipa's city council. I served in the  
21 legislature.

22 MS. SANDS: On what city's counsel?

23 MR. GRANLUND: Yucaipa. I served in the legislature in  
24 the State Assembly from 1994 to 2000. And when I left, I made  
25 more money than they make today, ten years later, by the way.

UNIVERSITY REPORTERS 916.567.1550

1 MS. SANDS: Thank you for your comments.

2 MR. GRANLUND: Sure. One last thing. The question  
3 mark on the names, that's why I had to spell my name because  
4 for the person transcribing this, people spell their names  
5 sometimes different than common words; so the question mark  
6 means I think that's the proper spelling, not I think that was  
7 the person. Thanks.

8 MR. MURRAY: All right. Thank you.

9 Any more speakers, Debbie?

10 MS. BALDWIN: No other speakers.

11 MR. MURRAY: Thank you very much. Okay. We will move  
12 into the discussion area. We have three points that I know of  
13 that we're going to discuss. The first is the salary issue,  
14 and maybe we'll start with John and work our way east. And if  
15 you can say what you would propose on any adjustments we would  
16 have for salary and then go to Bill on down.

17 MR. STITES: Thank you, Mr. Chairman. As I mentioned  
18 in the opening comments, at this point I think the reduction we  
19 made last year was a step in the right direction. But due to  
20 the budgetary issues -- and we based that one last year upon  
21 the -- I don't want to use the word attack -- but the  
22 reductions in the California state employees that they were  
23 suffering from.

24 Now we're getting figures, and statistics are like  
25 everything else. We can throw them all around -- say

UNIVERSITY REPORTERS 916.567.1550



1 26 percent, 18 percent or whatever it is -- and probably will  
2 never ever have the right answer. But at this point, due to  
3 the fact we don't know what the budget is, we don't know what  
4 impact it will have on the state workers, I don't recommend any  
5 salary reductions, which is the only option we have here --

6 MR. MURRAY: Okay.

7 MR. STITES: -- other than status quo. That's all I  
8 have, Mr. Chairman.

9 MR. MURRAY: Okay, John. Thank you.

10 Bill?

11 MR. FEYLING: Thank you, Mr. Chairman. With regard to  
12 the salaries, I just -- I really appreciate the comments from  
13 Jack O'Connell, and I really couldn't have said it better  
14 myself. He pretty much hit all the high points that I would  
15 have regarding the situation we find ourselves in. I think  
16 additional cuts at this point either are punitive or certainly  
17 would appear punitive, and I would not support them.

18 And like I said, you can just go down the list of the  
19 issues that Mr. O'Connell brought up, but I concur with his  
20 perspective on the issue. Thank you.

21 MR. MURRAY: Great. Thank you. Ruth?

22 MS. NOVODOR: Yes. Number one is that I wanted to  
23 comment on the fact that we, the State -- there are many people  
24 talking about different salaries and changes in salaries.  
25 There are a lot of people that are unemployed in California.

UNIVERSITY REPORTERS 916.567.1550

1 They don't have a salary.

2 And many executives in California -- and I'm sure that  
3 Scott will address this, hopefully -- many executives in  
4 California have seen their salaries cut. I just had to cut  
5 25 percent of my staff, and we're in health care.

6 These are serious times, and I take a little bit of  
7 offense to this being called politicization of the facts,  
8 because I believe this commission for the first time this year  
9 really is digging into the detail and the data more than has  
10 been done in the past.

11 On the other side of the coin, all of the citizens'  
12 input and the reports we heard today are vital to this decision  
13 and give us new information. So it is important that people  
14 speak up, and if we haven't filled a little black spot that we  
15 don't have an answer to, you may be answering that question for  
16 us. So we do want to encourage the feedback that we're  
17 getting.

18 Misinformation is a two-sided coin, my friend.  
19 Misinformation is used. That's one of the strongest tools of  
20 politics, is misinformation. So I just want to make clear that  
21 our initiative, at least mine, is to get as much information in  
22 order to make a rational decision. They will never all be  
23 perfect, and the information will never be perfect. But I can  
24 take the same piece of information and accuse you of being  
25 political with it, the way you presented it, or you can accuse

UNIVERSITY REPORTERS 916.567.1550

1 me of being political with it. But let's stop for a minute and  
2 take a look at what the data does tell us, and sometimes we'll  
3 come to an agreement and sometimes we won't.

4 This is my conclusion for the salaries -- and I'm sorry  
5 I took that little time to give an intro -- is that we have  
6 looked -- last year we took a look at all the salaries across  
7 the different states and different groups, but the piece that  
8 was missing was the pension information. My decision today to  
9 remain status quo is because I think there is a huge  
10 differential based on the fact the pensions are not included in  
11 that analysis, and given that New York, Illinois,  
12 Massachusetts, and many of the states that we were using in  
13 comparison do offer pensions, as well as the judges. Even  
14 though we're looking at their average compensation, they too  
15 receive pensions.

16 I am of the opinion at this point that the status quo  
17 is the appropriate action for this commission. Thank you.

18 MR. MURRAY: I thank you, Ruth. Very good. Very good  
19 summary.

20 Scott, can I ask you to log in?

21 MR. SOMERS: I agree with a number of the comments that  
22 were made by our speakers and disagree with a number of them.  
23 I am not so concerned about whether the budget has been put to  
24 bed or not, nor should we be impacted, in my opinion; nor  
25 should we be thought of as a political tool on anyone's part to

UNIVERSITY REPORTERS 916.567.1550

1        somehow force the legislature or any other part of government  
2        to adopt a budget. And I certainly hope -- and I guess I'm  
3        offended by the notion that we're somehow a political tool for  
4        people.

5                I have to ask the question, is the State in better  
6        financial condition this year than last year? That's a  
7        rhetorical question. Do we need to ask our legislators and the  
8        Governor to cut other people's compensation in the state?  
9        Should they do that without reducing their own compensation?

10               And I fully admit that we took a big slice last year.  
11        18 percent was a lot. And if you add other things, it is true,  
12        depending on how you calculate it, it could be more than  
13        18 percent.

14               Our role definitely should not be punitive. But it  
15        should take into account some of the comments that were made --  
16        the appropriate talent pool; are we able to attract the kinds  
17        of people that we want for these roles -- and we always should  
18        be keeping that in mind.

19               And I hope -- and it should be part of our job -- to  
20        make sure that we are offering compensation to individuals to  
21        attract the right level of people to this role.

22               I come back to financial conditions, and I say that  
23        also a comment -- and I'll add this comment first -- that  
24        private salaries -- if you look at the private world, private  
25        salaries in almost -- in every industry have declined

UNIVERSITY REPORTERS 916.567.1550

1 substantially in California and other parts of the country.

2 Obviously, there are still some people making a lot of  
3 money, but that's not the average person out there. The  
4 average person out there is making clearly less than they made  
5 two, three, four years ago.

6 Is it wrong to ask public employees to take reductions?  
7 People wonder why the government, public employees, and  
8 legislators somehow find that so offensive. It's so foreign, I  
9 admit, but it's so common in the private world that it creates  
10 a big divide. And frankly, I think it unfortunately  
11 contributes to a poorer regard for our very hard working  
12 legislators and others, which I'm very sorry to see.

13 In a recent city council meeting, and I won't say what  
14 city, one of the city council members who control their own  
15 salaries said, "I want to wait to see what the unions are  
16 willing to do before we cut our salaries."

17 In my opinion, that's just very poor leadership. If  
18 you need to reduce expenses, you lead from the top. If you  
19 don't need to reduce expenses in this state at the present  
20 time, I might feel a little differently about this.

21 Mr. Chairman, I said last time when we talked about 10  
22 percent that I thought that 10 percent was too much. And I  
23 still believe 10 percent is too much, but I would be in favor  
24 of a 5 percent reduction in compensation. And I think that if  
25 the legislature and the Governor are serious about taking

UNIVERSITY REPORTERS 916.567.1550

1 expenses out of the rest of the state, they need to lead from  
2 the top.

3 I would propose a 10 percent reduction.

4 MR. MURRAY: Very good, Scott. Thank you.

5 Go to you, Kathy.

6 MS. SANDS: Thank you, Mr. Chairman. I made some  
7 opening comments, so I kind of let you know the way I feel  
8 about it. I appreciate all the comments. I appreciate the  
9 public comments, but I'm still feeling the same.

10 I know, Scott. I know how you feel. I think that  
11 earlier in the year, I was really feeling that 10 percent would  
12 be a fair reduction, but I think the 18 percent last year that  
13 we made was plenty. It was a big hit, as I said earlier today.

14 I really feel we should just stay status quo, leave the  
15 salaries where they are this year, and wait until next year and  
16 see where we are. So --

17 MR. MURRAY: Okay.

18 MS. SANDS: And I would propose a motion for that when  
19 we're ready.

20 MR. MURRAY: Okay. We actually have two points of view  
21 on the floor now. One is a 5 percent reduction across the  
22 board, and the other is status quo. Why don't we start off  
23 with the 5 percent, because if we pass the status quo, the 5  
24 percent is moot.

25 Do I hear a motion to reduce the salaries at the 5

UNIVERSITY REPORTERS 916.567.1550

1 percent level?

2 MR. SOMERS: I would make a motion to reduce salaries  
3 at the 5 percent level.

4 MR. MURRAY: Do I hear a second? Okay. Not passed.  
5 Do I hear a motion to maintain a status quo in the salaries and  
6 benefits?

7 MS. SANDS: I would move to make -- I would move that  
8 we -- what do I want to say? I would move that there be --

9 MR. MURRAY: No change?

10 MS. SANDS: Yeah. No change in the salaries and status  
11 quo.

12 MR. MURRAY: Okay.

13 MS. SANDS: Yeah. No change in the salaries and status  
14 quo.

15 MR. MURRAY: Do I hear a second?

16 MR. FEYLING: I'll second the motion.

17 MR. MURRAY: Okay. Up to a vote. Do we have  
18 discussion, or are we --

19 MR. STITES: Mr. Chairman?

20 MR. MURRAY: Yes, John?

21 MR. STITES: We're talking about salaries.

22 MR. MURRAY: Right.

23 MR. STITES: Are we talking about the whole package?

24 MS. SANDS: Yeah, we are. I should have said that. I  
25 would move that we -- that the salaries, the benefits, and the

UNIVERSITY REPORTERS 916.567.1550

1 per diem all stay the same, status quo, for this next year.

2 MR. FEYLING: And that's what I seconded.

3 MR. MURRAY: Okay.

4 MS. SANDS: Okay.

5 MR. MURRAY: And the other discussion --

6 MS. SANDS: Thank you, John. I meant to say that.

7 MR. MURRAY: Okay.

8 MR. STITES: Well, I'm just -- because it was kind of  
9 bifurcated last time, so I was trying to see if we were  
10 examining it as a total package or. . . .

11 MR. MURRAY: Scott?

12 MR. SOMERS: Yes, Mr. Chair. A point of order on the  
13 benefits side: If we freeze the benefits, they will not be  
14 able to have increases in any new negotiated programs. I was  
15 planning to make a motion to allow for increases in the health  
16 program in the contributions to the State for the health  
17 programs. So if I could ask you to rephrase your motion and  
18 remove the insurance related benefits, I will submit a separate  
19 motion.

20 MS. SANDS: Okay.

21 MR. MURRAY: Just so everybody is clear on what's going  
22 on here, because of the wording -- and it's strictly the  
23 wording -- if insurance rates go up, based on the resolution we  
24 passed last time, we cannot increase the charge back to the  
25 member or the insured.

UNIVERSITY REPORTERS 916.567.1550



1           Okay. I believe Scott's --

2           MR. SOMERS: We cannot increase the State's  
3           contribution to the member.

4           MR. MURRAY: Right. So this would all be born by the  
5           State, hence a larger item in the budget, on and on and on.

6           MR. SOMERS: No. I'm sorry. It would be born by the  
7           individual.

8           MR. MURRAY: Be born by the individual.

9           MR. SOMERS: The State cannot -- currently, the State  
10          cannot contribute any additional amount, so any new fees. For  
11          instance, if health care goes up 10 percent, the State cannot  
12          fund any of that. And the current program, the 8580 program,  
13          basically has a split between the employee and the State. It  
14          would mean if the cost by an insurance company negotiated by  
15          the State goes up that the employee would bear that entire  
16          cost. I frankly disagree with that, and I have a resolution to  
17          allow the State to contribute more to that.

18          MR. MURRAY: Okay. Ruth?

19          MS. NOVODOR: I'm going to speak to the motion. I am  
20          fully prepared to vote on the salary issue. I am not prepared  
21          to vote on the other two. So I will have to cast my vote  
22          likewise, because I believe there is new information on the  
23          table that I haven't been -- I think there is new information  
24          presented today that I have not heard on the other issues.

25          MR. MURRAY: Okay.

UNIVERSITY REPORTERS 916.567.1550

1 MS. NOVODOR: So I don't know how you want to handle  
2 that.

3 MR. MURRAY: Okay. Thank you.

4 Bill, do you have a comment?

5 MR. FEYLING: Well, just a suggestion, I guess, more  
6 than a comment. But with the concurrence of the maker of the  
7 motion, I'd withdraw the second. Kathy would withdraw the  
8 motion and restate the motion --

9 MS. SANDS: Okay.

10 MR. FEYLING: -- as to salaries only. I'll second  
11 that. We can vote on that, and then you can take up the  
12 benefits issue separately.

13 MS. SANDS: Let's do that. I'll move that we leave the  
14 salaries status quo for this next year.

15 MR. MURRAY: I think, first you have to --

16 MS. SANDS: Yeah. I'm withdrawing my motion.

17 MR. MURRAY: Okay.

18 MS. SANDS: And then I'll propose a new motion, as we  
19 have talked about, to just reduce the salaries. And I mean  
20 just leave the salaries status quo for this next year.

21 MR. MURRAY: Okay.

22 MR. FEYLING: I would second that motion, Mr. Chairman.

23 MR. MURRAY: Okay. We have a second. I don't think we  
24 have any need for more discussion in that area. I will call  
25 the vote. May I ask all in favor, please say aye?

UNIVERSITY REPORTERS 916.567.1550

1           MULTIPLE SPEAKERS: Aye.

2           MR. MURRAY: All opposed? It is passed. That leads us  
3 on to the benefits. Contrary to what I had been advised that  
4 my role is, I would like to have us look at the auto area.

5           John? This is his specialty. John, could I ask you to  
6 address that?

7           MS. SANDS: Wait. Can we finish up the benefits?  
8 Don't we want to finish up the benefits?

9           MR. MURRAY: We'll go into that.

10          MS. SANDS: We'll go into that? Okay.

11          MR. STITES: We're going to add all of these as --

12          MR. MURRAY: Right.

13          MR. STITES: I'm assuming then that we're back to  
14 handling these as separate issues.

15          MR. MURRAY: Right.

16          MR. STITES: Okay. Well, basically we have done a lot  
17 of research on the auto allowance. And as we said before, when  
18 we request information as a commission, we hope that we get all  
19 the information. Unfortunately, it's kind of like pulling  
20 teeth sometimes. But just recently, we were bombarded with a  
21 lot of information, especially some studies that were done by  
22 the staff, which we appreciate, that cover different states  
23 within the nation and what compensation they get.

24                 In the private industry, contrary to what I heard  
25 earlier, I don't believe anybody is getting \$900 a month any

UNIVERSITY REPORTERS 916.567.1550

1 longer with any corporations, unless they're CEOs of the oil  
2 industries or something. The small business people and those  
3 operating businesses in the medium range are pretty much giving  
4 up all of their compensation, or at least reducing it when it  
5 comes to car allowances. The average cost out there is  
6 somewhere around 300 now, and if you get a car allowance when  
7 you hire on to a new position in any industry, that is a pretty  
8 successful position for you.

9 We reviewed some of -- and some data was put  
10 together -- basically the 15,000 miles is the average lease  
11 mileage allowable. And the costs, the average allowance is  
12 about \$3,600. Insurance is about -- for the Assembly,  
13 insurance is about 72. Repairs are about \$900. Gas and oil is  
14 another \$3,100. So we total out about \$7,800, which is about  
15 \$0.52 a mile.

16 Now, that's very close to what compensation would be  
17 for anyone who was on a mileage program, which a lot of people  
18 are. The Senate, of course, has a little bit different  
19 numbers, and it comps out to about \$8,400 a year, broken down  
20 as I explained in the Assembly, which is about \$0.70 a mile.  
21 So that's a little bit more than what we would see if they were  
22 compensated through strictly a mileage program using their own  
23 vehicles. It's good information. But at this point, it's not  
24 enough information for me to make any recommendation for any  
25 changes. Because as I have found, it oftentimes happens when

UNIVERSITY REPORTERS 916.567.1550

1 dealing with government, some new information will show up.  
2 And before I would make a recommendation to change anything  
3 within the system, other than the changes we have already made,  
4 I would have to wait and see what that information is going to  
5 be.

6 MR. MURRAY: I would like to take the chart we have  
7 here, give it to the State, and have them make a study to  
8 verify the numbers and make sure we're working with the right  
9 one. Because I was told that the car -- the insurance bill is  
10 \$884 per month, and this data -- some of the data we got is  
11 about \$80. So on the auto, I would like to give the report to  
12 the DPA and have them come back for the next meeting and tell  
13 us what the real numbers are.

14 Okay? Is that okay, John?

15 MR. STITES: I concur.

16 MR. MURRAY: Okay. I'd like to move on to the insured  
17 benefits and refer it back to Scott.

18 Scott?

19 MR. SOMERS: Mr. Chairman, last year, as we briefly  
20 mentioned earlier, we passed the resolution to reduce by  
21 18 percent the State's contribution to each of the insurance  
22 related benefits. That includes health, dental, vision, long  
23 term disability, life insurance, the employee assistance  
24 program, legal services, flexible benefits, long term care,  
25 deferred compensation, and optional benefits. A number of

UNIVERSITY REPORTERS 916.567.1550

1 those, by the way, are completely self-paid by employees.

2 Of that amount, the -- if you actually look at the  
3 impact of the decision that we made with a roughly 3 percent  
4 increase, which is low, for health last year, the total if you  
5 add salaries and -- oh. I'm sorry. If you look at the total  
6 reduction in the benefits, it basically ranged between 19.6 and  
7 21 percent because of the increases that they didn't get. In  
8 other words, the State was prohibited from paying for the  
9 increases as well as for the 18 percent reduction.

10 Under the current resolution, they are frozen at that  
11 level, at the actual level, without an ability to get any  
12 increases that may be negotiated as part of the program. The  
13 health component of that ranges from 82 to 90 percent,  
14 depending on the house, the Assembly or the Senate, the  
15 constitutional officers; so it clearly is the major expense  
16 item.

17 With regard to benefits -- with regard to categories, I  
18 am making the recommendation, summarizing this, that we allow  
19 the health benefit to be able to be adjusted in accordance with  
20 whatever adjustments are made in the statewide employee 8580  
21 program, which is the program -- the health program for all  
22 state employees that also the Assembly, the Senate, and the  
23 constitutional officers are part of.

24 Therefore, with regard to benefit categories for  
25 legislative and constitutional officers as they apply,

UNIVERSITY REPORTERS 916.567.1550

1 including the categories that I mentioned, I make a motion to  
2 maintain current state funding established by this committee's  
3 resolution signed in 2009 for all categories, except health.

4 With regard to the health plan, the state contribution  
5 can be adjusted but must remain 20 percent lower than the  
6 amount otherwise determined by the 8580 plan for the  
7 legislative and constitutional officers.

8 Basically, that preserves the cut that was made last  
9 year but allows for any increase that might come along for the  
10 State to contribute its appropriate share according to that  
11 program.

12 The other categories are not included in this because  
13 they are -- one, they're smaller. They're not automatically  
14 adjusted every year, and frankly, administratively they would  
15 be difficult to necessarily adjust. And therefore, we have  
16 discussed with the health as being the single item on there.  
17 And I want to --

18 Ralph Cobb, are you here? Ralph Cobb is the benefits  
19 manager here with the DPA. And Ralph, do you have any further  
20 comments about this?

21 MR. COBB: No.

22 MR. SOMERS: Let me ask you, then, is this  
23 administrateable?

24 MR. COBB: Oh, yes.

25 MR. SOMERS: You're a very eloquent guy, Ralph.

UNIVERSITY REPORTERS 916.567.1550

1 MR. COBB: No. The 8580 formula is a standard formula  
2 that's used for the state managers and for some of the  
3 represented work force. It's used on an ongoing basis, so this  
4 would run on autopilot really well.

5 MR. SOMERS: The other advantage of this is that the  
6 main chunk of this, which again is 80 to 90 percent of the  
7 cost, allows employees to gain additional contributions from  
8 the State in that program.

9 Each of the other programs is negotiated separately in  
10 each of the different chambers, and as a result, it's more  
11 complicated -- much more complicated -- from an administrative  
12 perspective, which is why, frankly, I came up with this  
13 particular approach, frankly, with great input from Ralph. So  
14 that's my motion.

15 MS. SANDS: I'll second your motion. And thank you so  
16 much, Scott, for your expertise. And it's nice to have you  
17 aboard. I second your motion.

18 MR. SOMERS: Thank you.

19 MR. MURRAY: Do we have a discussion?

20 MS. NOVODOR: I do have a question.

21 MR. MURRAY: Certainly. Ruth?

22 MS. NOVODOR: It's partially related, directed to  
23 Scott. What is the anticipated increase in health care costs  
24 for the next 12 months?

25 MR. COBB: That's actually being determined at CalPERS

UNIVERSITY REPORTERS 916.567.1550



as we meet here, but I would expect it to be right in the 9 or 10 percent range.

MS. NOVODOR: Oh boy.

MR. SOMERS: Which, by the way, was only 3 percent last year, so we'll be expecting a three percent increase this year. And we want the legislators and constitutional officers to take -- I do -- to take advantage and not be injured by not being able to take advantage of that increased cost.

MS. NOVODOR: And thereby, the legislators would be unduly penalized --

MR. SOMERS: Exactly.

MS. NOVODOR: -- if we didn't pass this motion in this way. Thank you for all your work, Scott, digging into the -- getting into the trenches and pulling this out.

MR. MURRAY: Do we need a motion?

MS. SANDS: He made the motion. I seconded it, and we're all of those in favor.

MR. MURRAY: Okay. While in discussion?

MR. SOMERS: Yeah. We have a motion on the floor.

MR. MURRAY: Okay. All in favor say aye.

MS. SANDS: Aye.

MR. MURRAY: Opposed?

MR. FEYLLING: I think we're still in discussion,  
Mr. Chairman.

MS. SANDS: Oh. Sorry.

UNIVERSITY REPORTERS 916.567.1550

1 MR. MURRAY: Okay. Certainly. Sorry.

2 MR. FEYLING: Thank you. Just so I understand, and  
3 maybe this is directed towards the DPA representative.

4 MR. MURRAY: One more time, Ralph.

5 MR. FEYLING: Yeah. It's just that you might want to  
6 stay close to the microphone, just in case.

7 MR. MURRAY: Unless you need the exercise.

8 MR. FEYLING: Just so I understand the motion that  
9 we're voting on, we're going to maintain what is basically the  
10 currently structure of the legislator's participation in the  
11 health and welfare plan. However, under this motion, the State  
12 would be picking up the increases; is that correct?

13 MR. COBB: What we will do -- the 8580 form is the  
14 health benefits formula that the legislators and constitutional  
15 officers would be receiving had there been no benefit  
16 reductions so that we're just keying the reduction that was put  
17 in place last year to the formula rather than to a rate that  
18 was at a particular point in time. So then as that formula --  
19 that formula recalculates every year when the new health  
20 premiums are set by CalPERS. It's just a mathematical formula.

21 And so we're just indexing the commission's reduction  
22 to the formula rather than to a specific dollar amount so that  
23 it can be commensurate with what the legislators and  
24 constitutional officers would have received if there had been  
25 no reductions rather than them falling further and further

UNIVERSITY REPORTERS 916.567.1550

1 behind as each year goes by.

2 MR. FEYLING: Okay. Great. Thank you very much. I  
3 appreciate your input.

4 MR. COBB: Thank you, Mr. Chairman.

5 MR. MURRAY: Thank you. Any more discussion? Okay.  
6 I'll start to call the vote. All in favor, say aye.

7 MULTIPLE SPEAKERS: Aye.

8 MR. MURRAY: All opposed? It is passed.

9 The next item on the schedule on nonsalary benefits is  
10 the per diem, and I believe Kathy Sands helped us out last time  
11 on the per diem.

12 There is really not a lot to discuss as far as what the  
13 amount is and so on and so forth. I am concerned, however --  
14 and this is my opinion -- that what has been expressed to all  
15 of us about the way some of the benefits work isn't the way it  
16 works.

17 The LA Times article stated that the per diem can be  
18 paid even though you're still in your home office. We were led  
19 to believe by someone that the assemblyman or the senator had  
20 to sign in every day to get it. It turns out, by the LA Times  
21 article, that that is not the case.

22 I don't know what we can do, and I'll defer to Bill.

23 Do we have -- what can we do to find out if this is the  
24 law; if we control this; if we do not control this? Who says  
25 who gets paid what on the per diem? Who develops the laws?

UNIVERSITY REPORTERS 916.567.1550

1 MR. CURTIS: I think this would be a job for the staff  
2 to research and get back to you. We don't have control over  
3 per diem at the DPA, so. . . .

4 MR. MURRAY: Okay. So in order to find out, we can  
5 ask -- again, back to Debbie -- to find out how it is paid.  
6 And we have already done this on some of the auto stuff. And  
7 just tell us, you know -- I hate to have my members up here on  
8 the panel spend the time like Scott just did. He spent many,  
9 many hours trying to find out how it works and how we can have  
10 a resolution to make it easier for the State to do it so  
11 everybody is not hurt, and then to find out that the  
12 information we have is wrong.

13 So if I could ask you, Debbie, if you could have your  
14 staff look into this and advise back to us what is the  
15 procedure to have the per diem paid.

16 MS. SANDS: Do they have to be present at the meeting,  
17 or. . . .

18 MR. MURRAY: Right. As I said, if it were not for the  
19 LA Times article that sort of -- it exposed it, but it also  
20 said this is done all across the board, half a dozen times a  
21 year.

22 Any other discussion of the noninsured benefits? John?

23 MR. STITES: Just a quick question.

24 MR. MURRAY: Certainly.

25 MR. STITES: Considering we were talking about the

UNIVERSITY REPORTERS 916.567.1550

1 vehicle allowance, I believe we'll have to make a motion to  
2 keep it status quo with no change. Or do we?

3 MR. MURRAY: Okay. If you want, that's fine. I would  
4 say --

5 MR. STITES: I just want to make sure that --

6 MR. MURRAY: I would say that would apply, but it would  
7 also let me go into my next point.

8 MR. STITES: Okay.

9 MR. MURRAY: Then that might do it. We have under  
10 statute by the end of the month to make any change we want to  
11 do to the benefits. And I'm saying fringe benefits: The  
12 salary, the per diem, the car allowance. Since the budget is  
13 due on the 15th of the month, and it's not there and there has  
14 been -- I'm not sure there is some term for it, but they have  
15 self-extended the deadline for the budget. I would like to ask  
16 Bill if we could self-extend our deadline to get any of the  
17 changes owed to the budget that are due by the end of the  
18 month.

19 MR. FEYLING: Mr. Chairman, I would refer the  
20 commission to the constitution as more recently amended by  
21 Proposition 1F, which says that your direction is to, before  
22 the end of each fiscal year, which would be the June 30th  
23 deadline each year, the commission shall, by resolution, and  
24 adopted by the majority of the membership of the commission,  
25 adjust the medical, dental insurance, and other similar

UNIVERSITY REPORTERS 916.567.1550

1       benefits of the state officers. So that has not changed from  
2       the original direction of the Constitutional Proposition 8 --  
3       or I meant the Proposition 112. I'm sorry. So that's your  
4       direction, and I know no authority to either extend or to  
5       prevent extension.

6               MR. MURRAY: Okay. I would like to maybe explore an  
7       extension. I don't know if it's a resolution or however we can  
8       put it, but -- and I don't know if I can proclaim, for lack of  
9       a better word, but let's put the motion together that we have  
10      expanded all the deadlines for any action we will make until a  
11      week prior to the finalization of the state budget. Okay?

12             MR. FEYLING: I'm somewhat confused. I thought your  
13      motions were for the resolution. That's what the commission  
14      has done in the past. When you make a motion, it's to go into  
15      a resolution. Am I in error on that? You have got two motions  
16      that you have passed.

17             MR. MURRAY: I'm --

18             MR. FEYLING: I assume there that --

19             MR. MURRAY: I'm in brand-new ground here because -- I  
20      mean what did the State do to extend their deadline?

21             MR. FEYLING: I have no idea what the State does to  
22      extend their deadline. I know the constitution requires  
23      June 15th of each year for the budget. I think today is  
24      June 16th, so --

25             MR. MURRAY: Right.

UNIVERSITY REPORTERS 916.567.1550

1 MR. FEYLING: -- I have no idea how they do it.

2 MR. MURRAY: Okay.

3 MR. COBB: Mr. Chair, a question.

4 MR. MURRAY: Certainly.

5 MR. COBB: Which ones of our resolutions are you  
6 wishing to hold --

7 MR. MURRAY: None. I mean all I'm saying is we have  
8 until the end of the month to make any changes; like we are  
9 doing a study on the car; we're doing a study on the per diem.  
10 And as of now, unless we decide something right now, nothing  
11 will go into the budget.

12 MR. COBB: May I recommend that the motion on salaries  
13 and insurance related benefits essentially be instituted --

14 MR. MURRAY: Definitely, yeah.

15 MR. COBB: -- according to the --

16 MR. MURRAY: Yeah. This doesn't have anything owed  
17 to that. All I'm trying to do is to extend the deadline we  
18 have or to make a change. And if we get any data back in time,  
19 we can make that change, so may I ask you to make the  
20 resolution? Because I was told I can't make resolutions.

21 MS. SANDS: You can make a motion -- why can't the  
22 Chair make a motion?

23 MR. CURTIS: Under Robert's Rules of Order, the Chair  
24 cannot make the motion.

25 MS. SANDS: They can't?

UNIVERSITY REPORTERS 916.567.1550

1 MR. CURTIS: They cannot.

2 MR. FEYLING: The Chair needs to recognize the motion,  
3 Kathy.

4 MS. SANDS: Yeah. Okay. So you want a motion --

5 MR. MURRAY: What he said.

6 MS. SANDS: Yeah. Pardon?

7 MR. MURRAY: What he said.

8 MS. SANDS: What who said?

9 MR. MURRAY: Me. Just what he said.

10 MS. SANDS: Yeah. I'll just recommend and make a  
11 motion of Chuck's recommendation.

12 MR. MURRAY: Okay.

13 MR. FEYLING: Point of order, Mr. Chairman --

14 MR. MURRAY: Do I hear a second?

15 MR. FEYLING: Point of order, Mr. Chairman. Robert's  
16 Rules of Order clearly says that to make a motion, one has to  
17 state the motion to the Chair. It needs to be seconded, and  
18 the Chair needs to restate the motion. I think we're getting  
19 into dangerous ground here when we don't even know what's on  
20 the floor.

21 MS. SANDS: Yeah.

22 MR. MURRAY: Okay.

23 MS. SANDS: Well, the motion would be that we would be  
24 able to extend our time. Well, usually -- well, let's talk  
25 about it a little bit more. The law says that we have to

UNIVERSITY REPORTERS 916.567.1550



1 approve our budget -- I mean make our --

2 MR. MURRAY: Our changes.

3 MS SANDS: -- recommendations and our changes before  
4 June 30th, because that's when the budget is supposed to be  
5 passed. But the budget isn't going to be passed by June 30th;  
6 right?

7 MR. MURRAY: Correct.

8 MS. SANDS: It probably isn't. So we'd like to have  
9 more time. That's what we're talking about; right?

10 MR. MURRAY: Right.

11 MS. SANDS: We'd like to have more time, so we would  
12 want to have like two weeks when the budget -- say the budget  
13 is passed July 1st -- well, we can't. Say the budget is passed  
14 on --

15 MR. MURRAY: July 15th?

16 MS. SANDS: July 15th. We would have two weeks before  
17 that -- like we'd have to make a decision and make any changes  
18 in our recommendation by July 1st; right?

19 MR. MURRAY: Okay.

20 MS. SANDS: Two weeks. So we would want to have our  
21 time -- our jurisdiction of our time changed two weeks  
22 before -- or after the budget is passed. That's what we really  
23 want to do then. We want two weeks after the budget is passed.

24 MR. MURRAY: Right.

25 MS. SANDS: Do you think that would work?

UNIVERSITY REPORTERS 916.567.1550

1 MR. CURTIS: I think you should hug the shores of the  
2 constitution. And it says that you shall submit a single  
3 resolution for pay and maybe several resolutions for health  
4 benefits, in the way it was changed by Proposition 1F, before  
5 the end of the fiscal year. There is nothing in the  
6 constitution -- your direction -- that states that it is tied  
7 to the budget.

8 In fact, to the contrary, it doesn't take effect until  
9 the first Monday in December thereafter. So I don't know what  
10 you can do. I know of no authority that allows you to extend  
11 your mandate.

12 MS. SANDS: I think we should just leave it alone.

13 MR. MURRAY: Okay.

14 MS. SANDS: I think we should just leave it alone.

15 MS. NOVODOR: I agree.

16 MR. MURRAY: Do we have any other comments?

17 MS. SANDS: Yeah. Next time, I think we should just  
18 leave it alone. We're not --

19 MS. NOVODOR: Mr. Chairman?

20 MR. MURRAY: Yes.

21 MS. NOVODOR: I think we have dug into a lot of  
22 information this year, and I think we have done as much as we  
23 can do at this point. And this -- we should continue if we  
24 need to meet again before the end of this year to go over new  
25 information, because we're constantly getting new information,

UNIVERSITY REPORTERS 916.567.1550

1 and be updated so that we are prepared for decision making the  
2 following year -- or following meeting. That's just an  
3 opinion.

4 MR. MURRAY: Very well put.

5 Anybody else have any discussion on the issue? Okay.

6 MR. FEYLING: Bill, through the Chair --

7 MR. MURRAY: I'm sorry.

8 MR. FEYLING: I have a question through the Chair. So  
9 do we need to act on any of these other areas, or can we remain  
10 silent on them, and then it just maintains the status quo? How  
11 is this going to work?

12 MR. CURTIS: If you're going to adjust -- to the way I  
13 read the constitution, if you're going to adjust these items by  
14 resolution on the -- I mean by vote on the health benefits, if  
15 you are adjusting something, then it has to be done in a single  
16 resolution for pay and in other resolutions for benefits before  
17 the end of the fiscal year.

18 MR. FEYLING: Okay.

19 MR. CURTIS: That's the history of this commission, and  
20 I think the status quo vote is probably in the same genre.

21 MR. FEYLING: Great. I appreciate it. Thank you.

22 MR. MURRAY: So in other words, for clarification, if  
23 we don't do anything, it's status quo?

24 MR. CURTIS: I would say if you don't do anything on  
25 pay, it's status quo; but you have already made the motion to

UNIVERSITY REPORTERS 916.567.1550

1 make it status quo on pay.

2 MR. MURRAY: Right.

3 MR. CURTIS: On health benefits, you made a motion to  
4 allow adjustment. So therefore, you have made resolution to  
5 adjust, which must be done, again, before the end of the fiscal  
6 year.

7 MR. MURRAY: Okay. Okay, Bill. Is that satisfactory?

8 MR. FEYLING: Okay. Thank you. I appreciate the  
9 input.

10 MR. MURRAY: That is about it, from the way I see it.

11 Does anybody have any other comments that they would  
12 like to add before they accept a motion to adjourn?

13 I will accept a motion to adjourn.

14 MR. FEYLING: I would make a motion to adjourn,  
15 Mr. Chair.

16 MR. MURRAY: Do I have a second? All in favor?

17 MULTIPLE SPEAKERS: Aye.

18 MR. MURRAY: Opposed? Thank you very much. I thank  
19 you very much for attending.

20 (End of recording.)

21 ---oOo---

22

23

24

25

UNIVERSITY REPORTERS 916.567.1550

CERTIFICATION AND  
DECLARATION OF TRANSCRIPT

I, MICHAEL C. ROWELL, a Certified Shorthand Reporter in the state of California, do hereby certify that the pages 2 through 52 of said recorded hearing were transcribed from CD (compact disc) to the best of my ability within the limits of the quality of the recording.

I further certify that I am not of counsel for any of the parties to said proceeding.

IN WITNESS THEREOF, I have hereunto set my hand this 6th day of June, 2010.

MICHAEL C. ROWELL, RPR, CSR 13494